

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6654

BILL NUMBER: HB 1136

NOTE PREPARED: Feb 23, 2006

BILL AMENDED: Feb 23, 2006

SUBJECT: Brokers' Liens on Commercial Real Estate.

FIRST AUTHOR: Rep. Burton

FIRST SPONSOR: Sen. Long

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) The bill allows a principal broker to assert a lien upon commercial real estate that is the subject of a purchase, a lease, or other conveyance to a buyer or tenant, in the amount that the principal broker is due for licensed services provided in connection with the transaction under certain conditions.

The bill requires an owner to provide a principal broker with certain information concerning a closing transaction before the date of the closing transaction, and requires an owner to certify at closing that the owner has made the required disclosures or that the principal broker has been paid in full.

The bill permits a party that has suffered a pecuniary loss as the result of an owner's noncompliance with the notice or certification requirements to bring a cause of action against the owner, and permits treble damages if the owner's noncompliance was fraudulent. The bill makes other changes.

Effective Date: July 1, 2006.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill allows a principal broker to assert a lien upon certain real estate,

which then can be recorded in the appropriate county and enforced by filing a complaint with the appropriate court. The provisions in this bill could have a fiscal impact in the form of recording fees, court fees, and sheriffs' notice fees. Such a fiscal impact would be dependent on the number of liens claimed.

State Agencies Affected:

Local Agencies Affected: County recorders, circuit or superior courts, county sheriff departments.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.